

Macedonian Economy at a Glance

(as of 05/20/2011)

Real Sector

- ◆ Macedonian economy slowly recovers from the effects of the World Economic Crisis. Real GDP in 2010 grew by 0.7% on annual basis. It was mostly driven by the 14.9% rise in construction, 4.8% growth in wholesale and retail trade, and 2.9% growth in agriculture.
- ◆ The GOM projects 3.5% real GDP growth in 2011. NBRM and the IMF project 3% growth in 2011.
- ◆ The industrial output in Q1 of 2011 has grown by significant 13.8%. GOM's end-year 2011 projection is 5.2% growth.
- ◆ The year-on-year CPI-based inflation rate in April 2011 reached 4.8%, behind the 8.3% rise of CPI in food products. IMF's, and GOM's 2011 projection is up to 3%. NBRM in May revised its projection for 2011 annual inflation to 4.5%-5.5%.
- ◆ Unemployment rate in Q4 2010: 30.9%¹; Employment rate in Q4 2010: 39.9%¹
Number of employed persons at the end of 2010: 242,065², down by 1.6% on annual basis.
Number of unemployed persons at the end of March 2011: 323,183² – down by 5.2% on annual basis.
- ◆ Wage policy - Nominal average net wage per worker in February 2011: Denar 20,433 - up by 1% on annual basis.
- ◆ The value of consumers' basket at the end of 2010: Denar 12,342 – up by 1.8% on annual basis.
- ◆ 31.1% of the population lived below the poverty line (USD \$75/month) in 2009 – a rise from 28.7% in 2008
- ◆ The “gray economy” is estimated to be between 15 and 45% of GDP

Fiscal Sector

- ◆ Total budget revenues at the end of March 2011: Denar 31,437 million – up by 6.5% on cumulative basis. Total budget expenditures at the end of March 2011: Denar 35,150 million – up by 4.5% on cumulative basis.
Budget deficit at the end of March 2011: Denar 3,713 million = 0.8% of GDP.
End-of-2011 General Government budget deficit projection = 2.5% of GDP
- ◆ Tax collection at the end of March 2011:

Type of revenue	% of total revenues	% of 2011 plan
Personal income tax: Denar 2,242 million	7.1	22.3
Profit tax: Denar 920 million	2.9	25.3
VAT: Denar 9,834 million	31.3	23.8
Excises: Denar 3,423 million	10.9	21.5
Import duties: Denar 809 million	2.6	14.2
Non-tax revenues: Denar 3,000 million	9.5	18.7

- ◆ Central Government debt at the end of March 2011: US\$ 1,726 million; 23.5% of GDP.

External Sector

- ◆ At the end of March 2011:
Exports: US\$ 934.7 million - up by 40.4%; Imports: US\$ 1,611.6 million – up by 44.3%; Import/export coverage ratio: 58%; Trade deficit: US\$ 677 million – 7% of GDP
- ◆ Trade with USA at the end of March 2011:
Exports: US\$ 8.4 million – 0.9% of the total Macedonian exports
Imports: US\$ 16.1 million – 1.0% of the total Macedonian imports
- ◆ Current account deficit at the end of February 2011: US\$ 228.5 million = 2.3% of GDP

¹ Data from the Labor Force Survey - Statistical Office of the Republic of Macedonia

² Data from the Employment Fund

- ◆ On April 4, 2003 Macedonia officially became member of the WTO. Stabilization and Association Agreement officially went into force on April 1, 2004.
- ◆ Free trade agreements with Turkey and Ukraine. Macedonia is a member of EFTA and CEFTA 2006.
- ◆ FDI at the end of February 2011: US\$ 137.5 million = 1.4% of GDP
- ◆ External debt at the end of 2010: US\$ 5,709 million; 62.6% of GDP
- ◆ Foreign exchange reserves at the end of April 2011: US\$ 2,638 million = 4 months of imports

Monetary Sector

- ◆ From December 2009, the NBRM gradually reduced the CB bills interest rate from 9% to 4.0%, which led to gradual decline of banks' interest rates.
Average nominal weighted lending rate in March 2011: 8.9%
Average nominal weighted deposit rate in March 2011: 6.0%
Central Bank bills rate in May 2011: 4.0%
- ◆ NBRM successfully manages the exchange rate of the denar, maintaining the peg against the euro at its targeted level, behind comfortable level of foreign exchange reserves.
- ◆ Total deposits with banks at the end of March 2011: Denar 216,220 million - up by 12.4% on annual basis. 48.7% of the total is denar deposits, while 51.3% of the total is foreign currency deposits.
- ◆ Total bank loans at the end of December 2010: Denar 195,209 - up by 8.0% on annual basis. 74.3% of the total bank loans are in denars, while 25.7% are in foreign currency.

Relations with international financial institutions

- ◆ IMF Board on January 21, 2011 approved a Precautionary Credit Line (PCL) for Macedonia worth US\$ 631 million, which could be used in 2011 and 2012 only if unpredictable circumstances prevent the GOM to finance governments operations from other sources. On March 29, 2011 the GOM drew about US\$ 300 million from the PCL.
- ◆ The World Bank Board approved the new Country Partnership Strategy (CPS) 2011-2014 for Macedonia in October 2010, under which about US\$ 100 million became available for project financing in 2011, including US\$ 30 million in budget support. Additional financing will be discussed at mid-term review of the CPS.
- ◆ In the period 1991-2011, EBRD financed projects worth more than EUR 550 million (US\$ 770 million) for: private sector development, restructuring the banking sector, development of financial institutions, supporting SME's, infrastructure projects, AG projects, municipal services, energy efficiency projects, etc.
- ◆ In 2009 and 2010, the Macedonian Bank for Development Promotion withdrew EUR 100 million (about US\$ 135 million) approved credit line from the European Investment Bank, to be used mostly for financing SMEs. It has already asked for additional credit line of about EUR 50-60 million.